

## Program Overview

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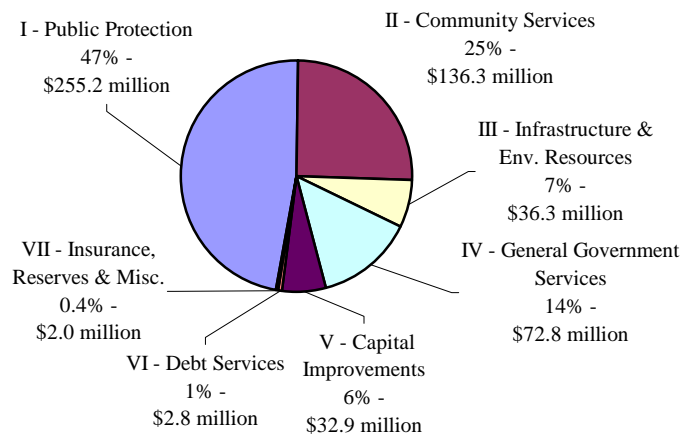
### OVERVIEW

This section is an overview summary by program. The County has seven program areas in its budget as listed below:

- I – Public Protection
- II – Community Services
- III – Infrastructure and Environmental Services
- IV – General Government Services
- V – Capital Improvements
- VI – Debt Service
- VII – Insurance, Reserves and Miscellaneous

Figure 1

**Net County Cost (NCC) by Program  
FY 2004-05 = \$538.3 million**



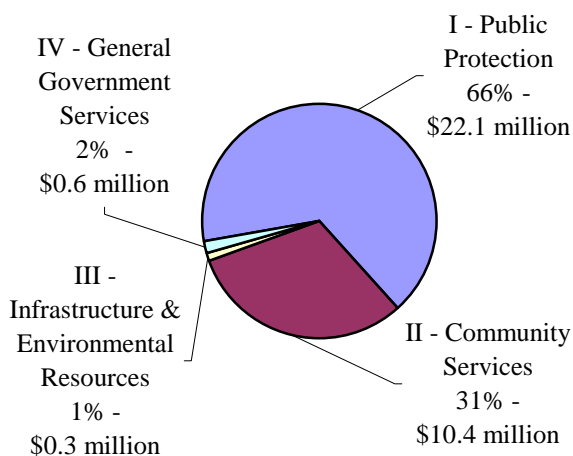
The County's base budget for FY 2004-05 represents the Net County Cost (NCC) amounts from the General Fund for each program as determined by the County Executive Office (CEO) (Figure 1). In completing the Strategic Financial Plan, each department forecasted its spending for the next five years, with the first year of the forecast also representing their FY 2004-05 budget. If an agency had a proposed budget above their NCC target, departments were required to establish budget reductions that would lower their NCC down to the proposed limit.

## Program Overview

Departments also had the opportunity to request restoration or expansion augmentations to reinstate or enhance level of service. While over \$47 million in augmentations were received, CEO is recommending less than \$10 million for approval. For FY 2004-05, departments have requested a total of \$31 million in restoration augmentations (Figure 2), of which \$6.5 million was recommended for CEO approval. Departments also requested expansion augmentations to increase current levels of service. Out of the \$14.4 million in expansion requests (Figure 3), the CEO recommended funding \$3.2 million in expansions. The majority of the expansion request, \$2.4 million, is Orange County's portion of the State's Child Support Services penalty payment.

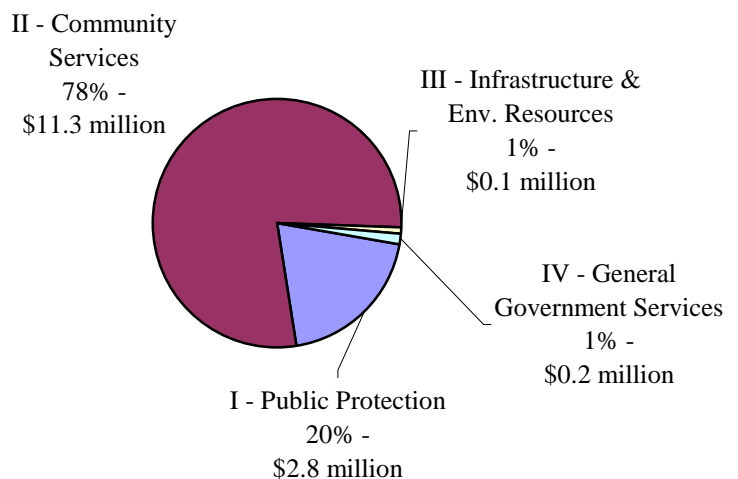
**Figure 2**

### Restoration Augmentations by Program FY 2004-05 = \$33.4 million



**Figure 3**

### Expansion Augmentations by Program FY 2004-05 = \$14.4 Million



**FY 04-05 BUDGET  
PROGRAM OVERVIEW**

	<i><b>BASE BUDGET</b></i>	<i><b>AUGMENTATIONS</b></i>
<b>PROGRAM I</b>		
<b>PUBLIC PROTECTION</b>		
Appropriations	910,785,579	32,061,989
Revenues	655,547,482	6,935,471
Net County Cost	255,238,097	25,126,518
NCC Limits	255,588,097	0

**HIGHLIGHTS**

- The Sheriff budget includes the implementation of cost savings strategies, revenue enhancements, and service reductions recommended by a “blue ribbon” committee that was formed to prepare the Department for the current fiscal challenges.
- The Sheriff-Communication budget includes anticipated \$350,000 reimbursement from the cities, Fire Authority, and County agencies that will share the cost of operation and maintenance of the 800 MHz Communications Network.
- Opening of Theo Lacy Jail Building B that will provide an additional 576 maximum-security beds. Annual operating costs will be supported by a reallocation of resources and/or other revenue sources identified by the Sheriff and not require additional General Fund support.

- The District Attorney's budget includes funding for civil enforcement actions against several major oil companies for leaks with MTBE relating to operation of Underground Storage Tanks.
- The State budget proposal to eliminate Temporary Assistance to Needy Families (TANF) funding will result in a \$12.35 million revenue loss to the Probation Department. This will require, among other things, the reduction in juvenile bed capacity by 188 beds from 804 beds and reduction in 212 positions.
- Include in the budget for the Probation Department is the closure of two Youth Family Resources Centers (Central and North County) to meet NCC limit.
- The Probation Department will complete the Juvenile Hall 60-bed expansion in June 2005, 32-bed expansion of Los Pinos Conservation Camp in March 2005, and complete construction of the Youth Leadership Academy in November 2005. The operating cost of the Juvenile Hall and Los Pinos expansion has been submitted as an augmentation request and is not included in the base budget. Based on current client population levels, the operational costs for the Youth Leadership Academy will be absorbed by the Department.

**FY 04-05 BUDGET  
PROGRAM OVERVIEW**

	<i><b>BASE BUDGET</b></i>	<i><b>AUGMENTATIONS</b></i>
<b>PROGRAM VI</b>		
<b>DEBT SERVICE</b>		
Appropriations	578,365,515	0
Revenues	575,584,360	0
Net County Cost	2,781,155	0
NCC Limits	2,781,155	N/A

**HIGHLIGHTS**

- Provides appropriations for timely debt service payments on the County's debt obligations.
- Net County Cost for Fund 019 increased approximately \$1.8 million as a result of reduced court penalty assessment reimbursement revenues for the Juvenile Justice Center Financing flowing from Fund 105.
- Current Bankruptcy Debt is \$847.9 Million.

### FY 04-05 Budget Program Overview

	<i><b>BASE BUDGET</b></i>	<i><b>AUGMENTATIONS</b></i>
<b>Program V</b>		
<b>Capital Improvements</b>		
Appropriations	115,383,657	0
Revenues	82,478,951	0
Net County Cost	32,904,706	0
NCC Limits	32,904,706	N/A

#### HIGHLIGHTS

- Provides appropriations for remainder of projects needed to remedy deferred maintenance deficiencies and to complete Americans with Disabilities Act (ADA) improvements.
- Includes \$2.2 million for the design phase of the South County Courthouse
- Construction contract was awarded for the Youth Leadership Academy at Juvenile Hall (120 beds; \$15.4 million). An additional \$1.3 million is budgeted for contingencies and contract change orders. Budget also includes \$2 million in eligible State Construction Grant funds.
- Construction is underway for the 60-Bed Expansion at Juvenile Hall. Budget includes \$.4 million in appropriations and \$2.5 million in related State Construction Grant funds.

- Weapons screening improvements will be provided at three Orange County Justice Centers (\$.9 million) from General Funds plus one funded by the Court Facilities Fund (\$.2 million)

**FY 04-05 Budget  
Program Overview**

	<b><i>BASE BUDGET</i></b>	<b><i>AUGMENTATIONS</i></b>
<b>PROGRAM IV</b>		
<b>GENERAL GOVERNMENT</b>		
Appropriations	122,885,105	1,033,170
Revenues	50,073,839	265,641
Net County Cost	72,811,266	767,529
NCC Limits	72,811,266	N/A

**Highlights**

- Establishes a new County Agency - 054 Human Resources.
- Office of Protocol is recommended for closure as one-time funding for this Agency will be exhausted at fiscal year-end.
- Assessor Department received \$6.8 million for FY 03/04 from the State Property Tax Administration Grant Program (AB 589), which shall be used to enhance property tax administration and may not be used to supplant current County level of funding.
- Includes nearly \$2.8 million in State and Federal funding for maintenance, system support, and training for the Direct Record Electronic (DRE) voting system.
- Incorporates the County Executive Officer's reorganization plan, which brings greater accountability and more effective management.



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**FY 04-05 BUDGET  
PROGRAM OVERVIEW**

	<i><b>BASE BUDGET</b></i>	<i><b>AUGMENTATIONS</b></i>
<b>PROGRAM III</b>		
<b>ENVIRONMENTAL &amp; INFRASTRUCTURE RESOURCES</b>		
Appropriations	960,875,054	1,212,415
Revenues	924,564,061	771,146
Net County Cost	36,310,993	441,269
NCC Limits	36,310,993	N/A

**HIGHLIGHTS**

- The recent merger of Planning and Development Services Department (PDSD) and Public Facilities and Resources Department (PFRD) into the new Resources Development and Management Department (RDMD) will continue to realize operational efficiencies and allow the single agency to handle technical and policy issues in a more proactive fashion.
- The Planning Division of the new RDMD continues to project a decline in permit activity workload. To address this shortfall, the reduction of 23 positions in FY 04/05 is proposed.
- The Dana Point Harbor Revitalization project is scheduled to begin, with funding to be provided by bond proceeds of \$16.5 million.
- A reduction of \$2.7 million in the Agricultural Commissioner's budget reflects the termination of the Red Imported Fire Ant (RIFA) program. The program was terminated after the state discontinued its funding.

- Continuation of the Board approved pilot preventative maintenance program. The program went into full operation in November 2003 and to date has identified and rectified areas of potential major failures, saving the county the costs of more expensive corrective maintenance.
- The Orange County Public Library (OCPL) is preparing to increase current public service hours with the impending opening of the Wheeler Branch Library in Irvine.
- IWMD will contribute \$10.2 million net imported waste revenue to the County General Fund in 04/05 for bankruptcy recovery debt obligations.
- Capital improvements for John Wayne Airport reduced to increase reserves for funding of Settlement Agreement Implementation Plan (SAIP) to add six new gates and to offset increased maintenance expense.

**FY 04-05 BUDGET  
PROGRAM OVERVIEW**

	<i><b>BASE BUDGET</b></i>	<i><b>AUGMENTATIONS</b></i>
<b>PROGRAM II</b>		
<b>COMMUNITY SERVICES</b>		
Appropriations	1,274,230,120	24,027,053
Revenues	1,137,916,020	1,689,972
Net County Cost	136,314,100	22,337,081
NCC Limits	136,314,100	0

**HIGHLIGHTS**

- Health Care Agency is planning \$2.1 million in service reductions to Behavioral Health Services (\$0.8m), Public Health Services (\$1.2m) and Public Administrator/Public Guardian Services (\$63k) due to realignment and other revenue sources growing more slowly than program expenditures.
- Consistent with the provisions of Measure H, the Tobacco Settlement Funds Initiative, approved by the voters in November 2000, total funds including carryover are estimated at \$35.7 million to be allocated to the following services:
  - 19% Health care services for seniors and persons with disabilities
  - 23% Emergency room physicians and on-call specialists
  - 12% Tobacco related disease prevention and control
  - 20% Nonprofit community clinics
  - 6% Proportional reimbursement to hospitals for charity care
  - 20% Public safety including a drug/alcohol rehabilitation program at Theo Lacy jail (64 secure beds)

Use of all Measure H Tobacco Settlement Funds is monitored for strict adherence to the provisions of the initiative. Actual Tobacco Settlement Funds received will be allocated by the above percentages, whether they fall below, meet or exceed budget amounts.

- Increased caseloads and service hours for In-Home Supportive Services is necessitating the need for additional general fund dollars in the amount of \$11.2 million. The proposed State budget includes reductions to the IHSS program which if implemented would reduce the requirement for additional general fund dollars to \$2.4 million (reduction of \$8.8 million).
- Continues the Proposition 36, the Substance Abuse and Crime Prevention Act program although the State funding of \$8 million annually for five years to provide assessment, treatment and monitoring has proven to be significantly under funded. The departments who collaborate on this program have worked together to attempt to scale the program to the available State funds.
- Includes funding for the repayment of the \$2.5 million loan to Fund 15G (Housing & Community Services) from Fund 15S (Designated Special Reserve). The repayment will be made to Fund 15S from Funds 117 (O.C. Housing Authority – Operating Reserve – approximately \$1 million) and Fund 15B (Single Family Housing Fund – approximately \$1.5million).
- The Governor's Proposed Budget for SFY 2004-05 requires that counties continue to pay 25 percent of the Federal Penalty in SFY 2004-05 and future years. The penalty is due to the State's failure to implement a single statewide-automated child support system by October 1, 1997. Included in the Child Support Services budget is a \$4.2 million penalty payment supported by the General Fund. General Fund reserves are funding \$4 million of the penalty payment.

**FY 04-05 BUDGET  
PROGRAM OVERVIEW**

	<i><b>BASE BUDGET</b></i>	<i><b>AUGMENTATIONS</b></i>
<b>PROGRAM VII</b>		
<b>MISC., RESERVES, ISFs</b>		
Appropriations	579,234,270	323,000
Revenues	577,203,590	323,000
Net County Cost	2,030,680	0
NCC Limits	10,560,820	N/A

**HIGHLIGHTS**

- Incorporates increased cost of the County's employee benefit programs, including a projected 30% increase in the cost of retirement.
- Budgets the Appropriation for Contingencies at \$5 million, consistent with the policy proposed to the Board of Supervisors in February 2004.
- Reserve for contingencies remains unchanged at \$18 million; reserve for strategic priorities is also unchanged at \$90 million.
- Workers' Compensation rates continue to increase (FY 04-05 increased 20% from FY 03-04) due to increasing payment rates and reserve management. This increase is consistent with State trends. The impacts of the recent workers' compensation reform will not be known for approximately 12-24 months.
- Continues to reduce Property and Casualty insurance reserves by partially subsidizing liability self-insurance costs by 40% in FY 04-05.